



I N T E R N A T I O N A L   L O N G E V I T Y   C E N T E R   -   U S A

**The Economic Status of Older Women**

**An International Report Prepared for the  
United Nation Second World Assembly on Ageing**

Submitted by the International Longevity Center-USA, in collaboration with the International Longevity Centers of the Dominican Republic, France, Japan, and the United Kingdom

ILC-USA Staff: Charlotte Muller, Ph.D. Project director a/

Marjorie Honig, Ph.D. a/

Oleg Volkov, Ph.D. b/

Alma Oprisiu, M.A. c/

Kenneth Knapp, Ph.D. d/

- a. Co-directors of research
- b. Senior research associate
- c. Research associate
- d. Research analyst

ILC-USA is an NGO accredited to the United Nations in special consultative status.

This report was made possible by the generous support of Atlantic Philanthropies and by an educational grant awarded by Pfizer Inc.

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## **I. INTRODUCTION**

### **A. Trends, profiles, and challenges**

This report on the economic status of older women was prepared at the ILC-USA, based on the joint contributions of the ILC international partnership, for presentation at the UN Second World Assembly on Ageing in Madrid in April 2002. It is intended as an aid in defining the tasks ahead for furthering the economic security and productive social participation of aging women, who will make up over 12% of the world population in 2010 [Table 1].

A major source of information for this paper was the ILC-USA database on economic activities of older persons. This database includes 56 countries containing almost three-fourths of the world population and three-fourths of its labor force, and represents all continents and varying levels of development. The assembly of this database drew on statistics from the UN *Demographic Yearbook* and the *Yearbook of Labor Statistics*, supplemented by other international agency sources, national censuses, and labor force sample surveys. Considerable effort was devoted to assuring the selection of countries with reliable data and to reconciling estimates.

Various reports and tabulations from official national agencies, supplied by members of the ILC partnership (Dominican Republic, France, Japan, the United Kingdom, and the United States) provided additional information on the economic status of older women.

Uniform published reports on the economic status of older women are not generally available. Countries may not have collected the relevant data or, having gathered data, may not have tabulated or analyzed them. For certain subjects, such as the distribution of household income between marital partners, no satisfactory method has been devised for collecting and analyzing the relevant data. While various countries may produce a standard table, differences in definitions, and, if samples are used, differences in their size and representational accuracy may distort comparisons between countries. Even censuses, which are primarily based on complete populations, are not free of limitations. Questionnaires are usually restricted in length, in order to limit cost and avoid respondent fatigue, and may contain certain questions that are not adapted to older persons or to women. For example, questions focusing on year-round full-time employment with one employer may affect the accuracy of information given by persons who have multiple employers or who did not have continuous work in the appropriate time period. Finally, response rates must be high to produce an accurate depiction. Resources available for producing quality data are not necessarily at hand.

Despite these caveats, one can nevertheless observe in the data reviewed for this report common situations, trends, profiles, and possible challenges.

Although exact proportions vary, each ILC country's population has a segment of older women who are poor compared to other older women, older men, and the population at large. Neither economic advances nor social programs have succeeded in eliminating poverty of older women to date. Furthermore, the problem of adequacy of retirement income is greatest for women because of their higher life expectancy, and as longevity

increases this situation will grow. Given the age differences between the sexes at marriage, it is not surprising that the prevalence of poverty among women is affected by widowhood.

Labor force participation of older women in most countries is quite low. Consequently, for the most part, their economic security at present depends on the adequacy of retirement programs and personal savings. Women often have discontinuous careers and so less access to pensions; however, as younger women pursue lifetime careers in greater numbers, greater numbers are expected to retire on pensions based on their own continuous earning record. At the same time, however, many women with skills and substantial work experience today may wish to remain in the labor force after age 60 and, if given job opportunities, can add to their resources by doing so. Others may be assisted and encouraged to become gainfully employed or start businesses. Meanwhile, nations of the world face the challenges of helping aging women attain economic security and promoting the productive potential of women as they grow old.

Women's social security benefit rights could be improved by giving credit toward retirement benefits for unpaid productive activities. Women render valuable services to the economy in nurturing their children, who will become future members of the labor force; in caregiving that enables family members to participate in the labor force; and in informal care of the disabled, which substitutes for paid home help. Such services may be rendered across the life course and in later years of life, and often result in absence from the labor force or reduced hours of work. Recognition of these activities in determining eligibility and benefit levels can help avoid late-life poverty.

Poverty in old age has special hardships: long-term improvement is unlikely, and losses in health, workplace affiliation, and personal networks accentuate the effects of diminished financial resources.

The welfare state, can and does reduce poverty by committing itself to providing an income floor in old age. However, in view of the expanded responsibilities created by increases in population aging, political opposition to the welfare state may grow. This could result in weakening social protections by limiting the indexation of benefits for wage and price changes or restricting eligibility. The concluding portion of this report discusses implications of a number of program features and notes possible initiatives to protect and improve the condition of older women.

## **B. Economic activity of older women and gender equality**

Economic activity of older women reflects both advantages and disadvantages in their lives —necessity, opportunity, and preparation combined in different proportions.

Depending on their characteristics, various subgroups of women can benefit from different public policies. One approach that benefits everyone is adequate vocational training at all skill levels. However, income replacement programs will continue to be a necessity for some part of the life course.

The work of women in the informal sector is often omitted from official statistics; valuable though such work is as a source of livelihood as well as a contribution to the national economy, it does not bring with it access to social protections. Informal work

includes subsistence agriculture, including cultivation of home-grown vegetables; making clothes, yarn and textile products for private sale;; barter of goods and services, such as child care for neighbors and taking in boarders.

Our examination of recent historical trends in older women's economic activity in 56 countries starts with the year 1960. This is a good starting point because in the years immediately after World War II many countries did not have the capacity to collect economic data.

The data show that men outnumber women in the labor force while the female population grew faster than the male population at all ages, and significantly, after 60. The sex difference in labor force participation is accentuated in the older population. Even after four decades of development and social progress since 1960, gender disparity in labor force roles remains and indicates that achievement of gender equality in society is incomplete. Social institutions in general and employers in particular continue to practice substantial discrimination through what they neglect to do as well as what they do. Indicative of the difference in outlook for aging men and women, is the fact that women who remain economically active are less likely than men to be self-employed and more likely to be family workers.

Aging intensifies the problem of gender equality in labor force opportunity because individuals do not wish to be a burden to society. Moreover, the mental and social stimulation of work of one's choice can make an important contribution to morale and preservation of a positive identity. Unfortunately, the extent, duration, and effects of unemployment among older persons are not well measured or understood—the situation is rather easily dismissed as a “non-problem” because of pension systems. We should have statistics on the numbers of older unemployed whether or not the individuals are covered by unemployment insurance, which varies by country.

Furthermore, women of all ages should be encouraged and helped to conduct a job search suitable to their available time and circumstances and to stay in the labor force. Proactive steps by employers, such as job advertisements inviting women to apply, on-site facilities for child care, and targeted health programs, should help increase their economic activity. Large employers with resources for specific initiatives can serve as the example for others. Various adaptations are worthy of public sponsorship. Investment advice for female employers and employees who lack experience with financial markets should be offered to safeguard retirement income. To ease household tasks of working women, shops supplying basic foods, pharmaceuticals, and other necessities should be developed in well-protected locations in proximity to public transportation used by commuters. Finally, women who work together could be encouraged to arrange flexible work schedules among themselves so that the needs of employers and employees are met.

## **II. LABOR FORCE PARTICIPATION OF OLDER WOMEN**

### **A. Factors behind economic activity of older women**

Information on older women's participation in the paid labor force can aid countries to identify key needs and select effective actions in response to them. Reported

participation rates for the older female population of a country may reflect both negative and positive circumstances in women's lives in the context of contemporary longevity. Thus:

\*Women with substantial earning histories who retire early with the belief that their pensions will be adequate based on current life expectancy, may have insufficient funds in their later years as life expectancy increases. A low rate of labor force activity after 65 that is associated with income sufficiency now may not be compatible with the future welfare of aging women.

\*At the same time, women with job satisfaction, especially if those who have had a late start in full-time work, may wish to continue work not only to increase pension credits and retirement assets but also for fulfillment and social contact. Other older women may be entering or returning to the labor force owing to death or incapacity of an older spouse, combined with depletion of spousal assets. They depend on the demand for their labor to avoid a declining standard of living.

\*When few women take part in labor force activity because of patriarchal social norms for women that preclude work outside the home or beyond a limited menu of settings and tasks, widespread chronic dependence and poverty of aging women may result.

Countries should consider the subgroups of older women in their population whose economic problems would be alleviated by more work opportunities, while at the same time recognizing the large group of women who require the protection of income-replacement programs. Finally, since the educational and career experience of women in their younger years affects the probability of rewarding work as they age, a life-course perspective on policy is logical. The implications for national policy are discussed in the Conclusion section of this report.

For a variety of reasons, labor statistics may understate the extent of economic activity that is not officially reported, including work in the informal sector. However, while it contributes to real income of households, such activity does not generate entitlement to public or private pensions, disability benefits, or safety and health protections in the work environment.

## **B. Gender comparisons 1960–2000 for 56 countries**

According to 1960 data for the 56 countries on all continents in the ILC database, in 40 of these countries 70% or more of the men aged 60–64 were in the labor force: 14 countries had rates of 70–79%, 19 had 80–89%, and 7 had 90% or more. None of the 56 had rates under 40% [Table 3].

In contrast, by 2000 only 13 of the countries had rates of 70% or more, and in fact there were 15 countries where rates under 40% for males aged 60–64 prevailed. For 2010, the expectation is that only 8 countries will have rates of 70% or more, and 20 countries will have less than 40%.



Women aged 60–64 have a different pattern. In 1960, women’s participation in the labor force was under 50% in virtually all of the 56 countries. Indeed, the rates were under 20% in 26 countries in 1960 and in 27 countries by 2000, with a small decline predicted for 2010.

Even in 1960, at age 65 and over, there was a pronounced exit of men from the labor force, when only 6 of the countries had participation rates of 70% or more—in fact, 29 countries had rates under 40% in that year [Table 3]. By 2000, only 2 countries had economic activity rates of 70% for men aged 65+ or more, and in 22 countries fewer than 10% of men 65+ were in the labor force. In 2010, 47 countries are expected to have rates below 40%.

Women aged 65 and over exhibited the same pattern with respect to economic activity in 1960 as those between 60 and 64. Virtually all of the countries had rates under 30%, and this continued to be true in 2000. The number of countries with fewer than 10% of the female population economically active at 65+ increased from 34 to 40. The projection for 2010 is similar to the distribution in 2000.

Thus over the past four decades the percentage of women in the paid economy after age 65 dropped from the already low rate prevailing at age 60–64, while both these age groups of women have two to three times lower labor force participation rates than men do [Table 2].

The trend for older men and women is not simply a reflection of labor force trends for the total population of each sex. The number of countries with 50–59% of men of all ages in the labor force rose between 1960 and 2000 while the number with 60–69% declined. In 2010 this trend is expected to reverse itself. In a few countries less than 50% of their total male population was in the labor force in 1960 and also in 2000, and this is expected to continue to 2010.

For women of all ages the major change between 1960 and 2000 was a rise in the number of countries with 30% or more in the labor force. Whereas in 1960, 21 countries had rates under 20% of their female population, only 3 countries will have rates that low in 2010. Thus the increase in female economic activity for all ages across five decades is a clear trend but, thus far, it is mainly confined to younger women.

### **C. Activity rates, unemployment, and status in employment for 45–48 selected countries.**

#### **1. Activity rates**

While all 56 countries in the ILC database were used for examining trends in the last four decades, more recent gender comparisons (1990 and 2000\*\*), including unemployment and status in employment as well as labor force participation rates are based on 45–48 of these countries; they all included present statistics by gender for persons aged 60+. In processing labor force information, most of these countries refer to persons aged 15+, the starting age recommended by the International Labor Organization and adopted by

the UN; however, a substantial number use ages under 15, and five use age 16. Several countries do not include persons above a certain age (in the Netherlands, this was 59 in 1990, later raised to 64).

(\*\*Because of variations in data availability, “1990” statistics include, in some cases, 1989 or 1991 data, and “2000” statistics include data from the late 1990s. Exact years are shown in the detailed tables attached hereto.)

Activity rates of the subset of 45–48 countries are generally consistent with the experience of the set of 56 countries described earlier. In 1990, economically active women made up 14.3% of the age group 60+, but this is an average of 26.8% at 60–64 and the much lower rate of 8.8% at 65+. All these rates are substantially lower than those for men, of whom 42.2% were in the labor force at 60+: the female rate was one-third (33.8%) of the male rate. For all ages, the female participation rate was 37.2% compared with 55.9% for males [Table 11].

In 2000, the economic activity rate of females 60+ was 12.2%, an average reflecting 25.8% at 60–64 and 7.5% at 65+. The pattern is just about the same as in 1990. Again, these rates are consistently lower than those for males, of whom 29.5% were in the workforce at 60+ (51.2% at 60–64 and 19.8% at 65+). The female rate at 60+ years is only 41.5% as large as the male rate, a slight increase from 1990. For all ages, the rate for females was 37.3% compared with 55.1% for males; as in 1990 females had a participation rate about one-third less than that of males [Table 11].

## **2. Unemployment**

In 1990 unemployment figures show low rates for both older men and women after 60, as compared with the rates for the total labor force. Differences by gender are small [Tables 6, 8].

In 2000, for all ages 60+ the male rate was 3.84% and the female rate 2.94%, but at age 60–64 men had an average rate of 4.88% and women of 3.53% [Tables 7, 9, 11]. At that time, a number of countries reported unemployment rates of 5–9% and rates of over 10% for women aged 60–64, 65+, or both. Rates of 5% or more for both women and men aged 65+ were reported by the Dominican Republic, Argentina, the Philippines, Latvia, and the Russian Federation; for women only in Venezuela and Italy; and for men only in Barbados and Estonia. High rates could reflect need for work owing to disability or death of the spouse, lack of eligibility for retirement pensions, limited benefits, as well as breakdown of pension systems and severe general economic conditions. However, the occurrence of very high and very low rates for both sexes in some countries may reflect differences in definitions and data collection as well as actual variations.

The sources of unemployment statistics include administrative records, censuses, and household surveys. All have limitations as providers of reliable estimates of unemployment of older persons. In some countries, persons over a certain age may be excluded from unemployment insurance and therefore would not be registered at labor exchanges linked to the insurance program. (Finland, for example, has a maximum of 65 years; France’s maximum is 60 years except for those 60–65 who do not have long enough covered employment to qualify for a pension.) In other countries, although not excluded by

age, older persons may not have the minimum previous employment in covered jobs to collect benefits, and therefore to appear at labor exchanges. Older persons may not qualify as physically able to work (a prerequisite for being counted as unemployed) although they could handle certain jobs with retraining. Countries that do not have unemployment insurance (Republic of Korea, Dominican Republic) do not typically maintain labor exchanges where even minimal data on older applicants for work could be gathered.

If unemployment data are derived from censuses or labor force sample surveys, numbers may be understated because they do not reflect those workers who have become discouraged and have abandoned a job search. It may also be overstated by those who initiate a job search while employed. Persons whose interest is confined to part-time work may not be reached by survey questions limited to full-time work. (This could affect estimates for those with caregiving obligations—usually women—limiting their available hours in remunerated work.) Also, modes of job search may be different for older residents who avoid channels that they believe are unreceptive to older applicants.

Measurement of unemployment even in the general population is not a simple task because some groups are not captured in administrative data from employment registries. The conceptual problem (i.e., whether or not a person without a job who wants to work is unemployed if not actively seeking a job through customary channels) blends with the measurement problem (how to estimate incidence for those who do not search according to standard means). The issue is convoluted for older populations because those covered through retirement pension systems have the option to withdraw from the labor force when job seeking is fruitless. The older population's preference for some period of retirement after a long work history complicates gathering and interpreting data because there may be degrees of preference interacting with the number of available jobs.

A 5% unemployment rate in the general workforce is considered to be the threshold of a serious national problem; for older age groups a 5% rate is probably above that threshold because they may not have access to unemployment benefits. In addition, older persons who are unemployed tend to remain jobless longer than younger persons do (Kinsella and Velkoff 2001, 105). For older women, a 5% rate is an indicator of an even more serious risk of poverty, since they are likely to be more easily discouraged in a job search than men are. When a country reports a zero estimate of their unemployment rate, the estimate is not reliable, and a 5% reported rate is likely to be an underestimate.

An additional problem is whether to collect data on older women with limited previous attachment to the labor force. Yet some older women with little work history may nevertheless be seeking work because of changes in previous sources of household income or in previous home responsibilities. Given increasing healthy life expectancy resulting in more work life expectancy, more attention to defining and measuring unemployment of older women would be appropriate.

It would be desirable to reconsider upper age limits on asking questions regarding unemployment. The information gained would strengthen the basis for estimating the economic position of older persons and the need for assistance in the form of retraining, employer-specific placement initiatives and matching programs, loans and technical aid to small business ventures, and laws against discrimination based on age.

### **3. Status in employment: self-employed and family workers**

For study of older women's and men's status in employment, data from the period 1960–1970 were compared with data for 1980–1990 [Tables 12–16]. The broad periods were used owing to country differences in timing of data collection. Percentages presented are based on all men or all women in the labor force at given ages. It should be kept in mind that the numbers of employed from which the percents are calculated may be quite small in countries with strong pensions systems.

Over time, there were changes in the prevalence of self-employment. In over two-thirds of countries studied (69%), the earlier period showed over 30% of men 60+ to be self-employed while only 56% of countries had this pattern in the later period. But for women, the proportion was only 36% of countries in 1960–70 and 33% in 1980–90. For men, the percent who were self-employed was much higher after 65—in half of the countries 50% or more of men 65+ in the labor force were self-employed. For women, the percent of self-employed rose less sharply past the age of 65 with only 5 of 36 countries having 50% or more of economically active women of that age group in self-employment. Figures on self-employment are conservative because those owning a small business with one or two employees may be categorized as employers rather than self-employed. (See Section IIIA for further discussion of this point.)

For contrast, the status of helper in a family enterprise was examined for male and female participation at older ages. Almost all countries reported between 0–10% of older men in this category in either time period. Proportions were higher for women, but few countries showed more than 30% of older women in the labor force to be family workers.

The finding that stands out for both sexes is the fairly frequent occurrence of self-employment as a channel of economic activity after 60.

Countries vary in the ways they present unemployment statistics. The variation may be particularly troublesome in regard to older age groups because the possibility of checking respondents' data against employer data is more limited for self-employed and family workers. Some present the unemployed as a category distinct from employee, self-employed, and so forth. Others allocate unemployed to various categories, such as employee and self-employed. Still others do not collect unemployment data in older age groups at all. Since the numbers involved are believed to be relatively small, the broad pattern described is not likely to be affected by these differences in country practices. But with growth of older populations and the salience of their economic activity in public discourse, efforts toward standardization would be appropriate.

### **4. Status in Employment in Seven Selected Countries**

Additional material was compiled on all categories of status in employment at age 65+ in countries worldwide: Nigeria, Turkey, Austria, Portugal, Canada, Argentina, and New Zealand—that is, one from each continent except Europe, which has two—to illustrate the possible range of variation in gender differences in different environments. (Portugal and Austria are included to represent different socioeconomic environments encompassed in the OECD group.)

The statistical findings indicate that among persons who are economically active, males are consistently more concentrated in the category of self-employed worker (which includes employers as well as own-account workers) than women are—up to five times as frequently in Turkey. In contrast, “family workers” is a category that is much more likely to apply to females. While the proportion of all active persons in family enterprises is not large, in Turkey, however, over 80% of older women in the labor force are family workers; and in Argentina and New Zealand, over 20% are family workers. Finally, the substantial proportions tabulated in two of the countries (Nigeria and New Zealand, as shown in Table 17) as “Not elsewhere classified,” especially for women, suggest that present categories or definitions do not capture all the endeavors of older persons striving for self-sufficiency.

### **III. FINDINGS FROM FIVE ILC COUNTRIES**

Section III is devoted to information for five ILC countries, and includes an overview, highlights of each country’s situation, and individual country reports.

#### **A. Overview**

##### **1. Women in the labor force**

Statistics for the five ILC member countries indicate that there was a substantial growth of female labor force participation for all ages between 1960 and 2000, reaching 40% or more in four countries and 29% in the Dominican Republic [Table 19].

In the age group 60–64, both the direction and the pace of change varied between countries over the 40 years between 1960 and 2000. The major change was a drop of 58% in the rate for France. The strongest predicted change for women aged 60–64 is a 25% drop in the economic activity rate for the United Kingdom by 2010.

At age 65+, present rates are well below past rates, and predicted (2010) rates are well below present rates. Predicted rates are lower than those for ages 60–64. In France a rate of 1% at 65+ is projected for 2010. At ages 65–69, for example, the percent of men with earnings (53.5%) was 25.3 percentage points higher than the comparable percent for women.

The Dominican Republic is expected to have a 34% increase in the rate of labor force participation for women of all ages in 2010, the only country of the five with a substantial growth. It follows a different pattern from the other four countries in other respects as well. For age 60–64, it’s the Dominican Republic’s rate of growth in 2000 was 3.4 times its rate in 1960 and it is the only country of the five to have a projected increase in 2010. For women aged 65+, its future rate is expected to be only slightly below its present rate of 20%.

In all five ILC countries, the labor force participation rate at all ages is substantially higher for men than for women, the sex ratio of rates ranging from 1.25 for the United States to 2.04 for the Dominican Republic [Tables 18, 19, 21]. After 65 these ratios increase substantially, that is, men are much more likely to remain in the labor force after 65 than women are. The sex ratios of rates after 65 range from 3.64 for the Dominican Republic, where almost three-fourths of men and 20% of women are still in the labor force after 65 (not uncommon for developing nations); to around 1.80 for France, where only 2%

of men and 1% of women are still economically active; and the United States, where the corresponding proportions are 13% and 7%.

The distribution of the older labor force by status in employment reveals the extent to which self-employment rather than working for others serves as the means of participation in the economy. For this purpose, self-employed and employer (mostly in small businesses) categories can be combined, as is regularly done in U.S. statistics. The resultant category accounts for 65% of the male post-65 labor force in France, 47% in Japan, 34% in the United Kingdom, and 30% in the United States. For older women, the combined category varied from 43% in the United Kingdom and 40% in France to 23% in Japan and 16% in the United States. Only in the United Kingdom were economically active women more likely than men to have their own business activity with or without helpers.

## **2. Highlights of country reports**

### **a. Dominican Republic**

The proportion of older persons in the population of the Dominican Republic is relatively small, women slightly outnumbering men. But there was rapid growth in the numbers aged 65+ between 1981 and 1993, especially for women, and this growth was more than twice as rapid as the growth in the total population of each sex in the same interval.

Women's participation in the labor force is much less than men's at all ages, beginning at age 10 but it is not trivial: women's rates after 60 are 23–24% to age 69, with a drop to 20% at 70–74 and a further drop to 15% at age 75. Much of their employment at all ages (more than of men's) is in low-skill and service jobs, predictive of limited savings and pension rights, and unemployment is much greater than the rate for men.

Many older women are dependent on the spouse's retirement income. Although the maximum public pension is in proportion to the wage level, it is insufficient, suggesting that they risk poverty unless earnings are received. Remittances from children who have emigrated often supplement other income sources; however, this flow may be affected by economic conditions in the destination country. Unless development planning includes efforts to assure that older women are better prepared for self-support and are protected against dependence and severe want, the value of increased longevity will be diminished.

### **b. France**

Persons aged 65+ make up one-sixth of the total population of France, and three-fifths of this older population are women. In official statistics, incomes of subgroups of the older population classified by living arrangements are compared with the mean disposable income for all older persons aged 60+. Income falls with age among all persons, while physical dependence rises with age, intensifying the impact of income insufficiency. The fall in income with age occurs earlier for females.

The income of widows falls after age 75 and again after 80. Women in couples living with their children are worse off than females who live alone, and women in couples without children are generally better off than all others.

Labor force participation of women drops to almost zero after 65, and even at 55–64 few women are in the workforce, while the participation rate at all ages is 56%. The early retirement option has become the norm in France, and both single women and married women participate in a mass exit from the labor force. Women in nonmarried couples are more likely to remain in the labor force after 55, although the rate is under 25%.

### **c. Japan**

While aging in Japan took place earlier than elsewhere in the world, even in the last decade the age profile of women has been shifting upward. There are now 1.4 million women aged 85+, 82% more than in 1990 and 2.4 times the number of men of the same age.

For age groups 55–69, women in the lowest third of the income distribution for their sex have far lower incomes than men in the lowest third of the income distribution for men. . The proportion of women with low incomes increases with age. In each age group surveyed, women are less likely than men to have any earnings or pension income, and unlike men, rarely have private or mutual society pensions. Single women are more likely to be poor at each age from 50–59 to 80+.

Women's labor force activity, peaking at 45–54 (70%), drops at 55–64 to 50% and at 65+ to 15%. There is a steep decline in women's economic activity after 64 for statuses other than married or single. Currently, earnings are not a significant source of income for older women. Those who do work after 55 are often (49%) engaged in alternative work modes (rather than as employees of one firm), in particular, part-time independent contracting. Cohort differences in availability for work, educational level, and employer attitudes may affect future labor force participation rates, distribution by types of employment, and income levels after 55.

### **d. United Kingdom**

Women account for three-fifths of the U.K. population aged 65+ and about three-fourths of those aged 75+. Their level of living is affected by age. This is partly due to cohort effects; that is, older retirees are less likely to have earnings or to benefit from the expansion of occupational pension coverage that took place in the 1950s and 1960s than younger retirees are.

Single women have lower incomes than single men at 65–74 and also at 75+. Married women have less than single women, probably because they often divide their time between family and workplace. The lower statutory age of retirement for women that has prevailed limits chances to build up savings for retirement. Statistics on income from investment show a decline with age for singles (both sexes), indicating depletion of accumulated savings.

There is a steep drop in the labor force participation rate of women after 60: only 8.4% of those aged 60+ are economically active. Unemployment is rare, which suggests that retirees include those unable to find work at a given time as well as those who had planned to retire.

#### **e. United States**

Older women constitute a larger proportion of the total population of women in the United States than is the case for men. In addition, compared with older men, a larger percent of older women are in the age group 70+. Of persons aged 85+, 70% are women.

Despite several decades of an active women's movement advocating gender equity in the labor force and in education, gender differences in older groups' economic level are evident. Men's median income is 2.17 times the median for women at age 55–64 and 1.77 times at 65+ (when earnings as a source diminish). Half of the women aged 65+ get less than \$10,062. At ages 65+, 13.1% of women in the United States are in poverty, compared with 7% of men. Poverty is more frequent among nonmarried older women than among nonmarried men, and this is true for near-poverty income levels as well. The oldest age groups of women are at the greatest risk of poverty.

### **B. Individual country reports on income, poverty, and work of older women**

#### **1. Dominican Republic**

Old age in the Dominican Republic is in its early stages. The population aged 65 and over is very small relative to the total population, amounting to only 4.4% of all males and 4.6% of all females, according to 1993 census data [recently published]. There are 11 females for every 10 males in this age group, although males outnumber females in younger age groups. Persistent poverty and limited collective resources make it more difficult for many countries, of which the Dominican Republic is one, to enjoy their increased longevity while meeting the challenges it presents.

These challenges will be more pressing as the older population continues to increase. Between 1981 and 1993, the number of males 65+ increased by 51.4%, and the number of females 65+ rose by 71.4%—far more rapidly than total population grew in the same twelve years (23.4%—males and 32.8%—females.)

In contrast to developed countries, in the Dominican Republic a substantial majority of men over 60 are in the labor force: In 1998 males of age 10 and over [a grouping that includes children in school] had an economic activity rate of 65.7%. The rate at 60–64 years was 89.3%; it declined to 83.7% at 65–69, with further drops at 70–74 (75.2%) and at 75+ (59.8%).

The female rates were consistently lower—31.7% for all ages 10+ and after 60, 23.8% at 60–64, 24.7% at 65–69, 19.9% at 70–74, and 15.1% at 75+. Unlike the male rates, the female rates for 60+ are lower than the rate at all ages. (The labor force participation of adult females is low; and most of those in the labor force before age 60 have exited soon after they turned 60). The pattern in the Dominican Republic contrasts with that of Europe and North America, where the female activity rates for ages 15–59 in 2000 were 68.8% and 72.8% respectively (ILC-USA, Ltd. 2002).

For those who do work, the high percentage in low-skill and service jobs implies low savings and pension rights. Census data for 1993 show 48% of women in these categories, compared with about 25% for men. In addition, unemployment may be



especially common for women who are in the labor force: in 1993 the rate was 24% for women compared with 8% for men.

The high rate of economic activity for older men is most likely the consequence of the low level of old-age pensions and of lifetime earnings. The minimum public pension of 500 pesos per month (US\$31.41) and the maximum of 1,435 pesos per month (US\$90.14) are well below poverty level in U.S. terms but are in proportion to the wage level in the Dominican Republic (the maximum being based on 70% of prior earnings) and are related to the low GDP per capita (US\$2,070). (U.S. Social Security Administration, 1999). Low earnings limit not only public-pension benefit levels but also savings for old age. And this affects women too, for, given their low rate of economic activity, in old age they are most frequently dependent on their spouses' limited pensions plus spouses' earnings, if any. However, older women may gain some extra income from informal sector production and nonmarket agriculture for household consumption. This may be understated in official data. Remittances from adult children who have emigrated, in particular to the United States, frequently add to the income of elders.

## **2. France**

The information on older women reviewed here was gathered by ILC-France from major statistical organizations in France. The topics available include disposable income by household type, older females in the labor force, labor force participation by marital status, and unemployment. The income data are broken down by age categories within the population aged 60 years and over.

### **Income and Poverty**

The base used in analyzing the income distribution is average disposable income of all persons over 60 (set equal to 100). Actual income of persons in different living arrangements relative to this standard is calculated by dividing up household income according to a formula (first adult: 1 unit; other adults: 0.7 units; children under 18 or under 25 if a student: 0.5 units). Available information makes it possible to compare widows and other women living alone with men living alone and with couples who are the sole household members, and thereby to determine the relative position of defined groups of older women.

#### **Widows living alone:**

Their income is above the average until age 75, ranging between 105.7 and 107.2 of the mean for the population aged 60+, and then drops substantially to 95.9 at age 75-9 and 84.9 at 80+.

#### **Other women living alone:**

These are presumably divorced and never-married. They receive more at age 60-64 than all other female groups of this age (126.2 compared with 102.2 for all older women), but take a sharp reduction at 65-69 (24%) so that they are below the mean for that age bracket (106.5). At age 70 and after they are below lone widows, possibly because husbands' pensions or other marital assets of the widows, although declining as widows' age increases, outweigh pension wealth of divorced or never-married women.

#### **Women in couples living with children:**

If such women are part of a couple that is co-resident with minor children or with adult children (usually in the household of their grown children), they have less income than lone widows or other women living alone.

**Women in couples living apart from children:**

If women are part of a couple that is living apart from children of any age (and most likely lives alone), their income pattern is different. The couple's income is on average above the level for all older persons' households in all age groups over 60, with the exception of age 75–79, where their income is about equal to the average for all households in that age group. Thus in general the older household consisting of a married couple is the most advantaged with regard to disposable income. Since each person of 60 or over is considered, by definition, to have the same standard of living as the household to which that person belongs, women in this type of household enjoy a better income level than those in other living arrangements.

As the British report points out, the probability of receiving insufficient income is influenced by older women's previous socioeconomic roles plus resources related to marital status. Vulnerable categories include widows who did not work or whose careers were in less well-paid professions and widows whose husbands died without leaving adequate pension wealth. Income status is also associated with age after 65, for there is a sharp drop after 75 (7.8 percentage points) for lone widows and a lesser drop (5.8 percentage points) for other women living alone. Except for a decline of 5.3 percentage points at age 65–69, this does not typically happen to a man without a spouse until after age 80. The pattern for women is compatible with depletion of assets with advancing age and possibly limited survivor rights to a spouse's pension.

The rise in physical dependence (both sexes) among community-dwelling aged persons as age increases, reducing the proportion who are independent from 96.6% at 60–64 to 72.3% at 80+, intensifies income deficiencies and disparities. Extra income is required to minimize or compensate for functional loss by assistive devices or purchase of home health services, but income, instead of increasing, decreases at advanced ages, and this happens especially early for women.

**Labor Force Participation**

The labor force participation rate for all women in France was 55.9% in 1996. However, virtually no women aged 65+ are in the labor force, and even at age 55–64 a very small number—about 83,000—are in the labor force. Early retirement is possible under the French social security law and is widely practiced.

**Single women:**

Labor force participation of older single women in France is low and continues to fall. After age 55, the rate was 21% in 1990 and fell by over one-fourth between 1990 and 1996 to 15.6%. This low rate for those 55+ was a very steep drop from the 90.4% rate recorded for those aged 45–54, representing a mass exit at a rather early age.

**Married women:**

Married women had a similar but less steep decline in labor force participation with age: 73.9% were in the labor force at age 45–54 but only 14.4% at 55+.

**Widows:**

This category had an almost total exit from the workforce after 55. Only 3.5% remained active, representing a mere 5% of those aged 45–54 in the labor force.

**Women in nonmarried couples:**

The labor force participation of women in nonmarried couples was consistently higher than the rate for married women, but after 55 only 23.2% were in the workforce. The higher rate suggests that the female member of the nonmarried couple was less likely to withdraw from the labor market to engage in full-time child rearing and homemaking. Many women in this category who worked after 55 would have been able to build up pension rights.

Unemployment rates may decline through voluntary retirement at an early age when old-age pension laws contain an early retirement option. European governments have been reported to encourage retirement of older unemployed in the 1990s in order to reduce unemployment rates and public expenditures on unemployment insurance benefits. The unemployment rate for French women dropped from 9.8% at age 45–49 to 5.9% at age 60 and over. This may reflect retirement as a response to lack of job opportunities.

**3. Japan**

The following report is based on statistics supplied by ILC-Japan from official surveys:

The age profile of women in Japan, a country already distinguished by its high rate of aging, has been shifting upward even in the last decade (1990–98). The percent of the female population aged 60–64 rose from 5.6% to 6.2%, and of those 65–74, from 8.2% to 10.4%. Indeed, the percent of the female population in age groups after 60 has increased overall and in each age category (60–64, 65–74, 75–84, and 85+). In the 85+ group are 1.4 million women, 82% more than the comparable count in 1990 and 2.4 times the number of men of the same age.

Women aged 60+ account for 16 million persons or 24.7% of the entire female population. By contrast, the comparable figure for men is 10.3 million or 16.6% of all Japanese men. Consequently, the economic status of older women is an important aspect of the well-being of both women in general and the entire older population.

**Income and Poverty**

A nationwide sample survey in 1996 that focused on age groups 55–69 provides information on the income of some older age groups. The income distribution of men and women in the sample includes only persons with income; “income unknown” responses are excluded from the calculation. For each sex, the lowest third of the distribution for all ages between 50 and 69 years is identified. For men, this is income up to 24,000 yen per month, and for women, up to 8,000 yen. Thus the maximum of the lowest third for men is three times the maximum for women. Only 5.6% of older men have as low an income as the lowest one-third of women.

The proportion of older women in the low-income bracket increases with age, from 83.6% at 50–59 to 91.2% at 65–69. The proportion of men in the lowest third also

increases with age, from 26.6% at 50–59 to 45.4% at 60–64 but, unlike the share for women, drops slightly, to 42.8%, at ages 65–69.

For 7.9% of all older women in the survey, income was reported as unknown. The comparable figure for men was 1.3%. Even if all the unknowns for females were in higher brackets of income, the improvement in the status of women relative to men would be slight.

In each of the age groups surveyed, women were substantially less likely than men to have any earnings. They were also less likely to have any pension income after 60, and when they did, it was a public pension in a very high percentage of instances (97.2% for all women aged 50+), whereas men were more apt to have private or “mutual-society” pensions. Mutual-society pensions are employer-related pensions for employees of national and local governments and nonprofit organizations—public servants, teachers, and researchers at private universities. Whether private pensions are work-related depends on each firm’s policy. Enrollment in the public pension system is mandatory for residents aged 20–59. (Noguchi 2001)

Gender differences between men and women with regard to sources of income at older ages are summarized below. At ages 65–69, for example, the percent of men with earnings (53.5%) was 25.3 percentage points higher than the comparable percent for women (28.1%)

#### Gender Difference in Percent of Respondents With Each Income Source at Ages 50–69

	<u>50–59</u>	<u>60–64</u>	<u>65–69</u>	<u>50+</u>
Earnings				
M	93.0	70.0	53.4	73.8
F	58.8	41.1	28.1	43.5
[M-F]	34.2	28.9	25.3	30.3
Pensions				
M	5.2	66.2	94.5	51.6
F	10.0	53.6	89.3	48.7
[M-F]	(-4.8)	12.6	5.2	2.9

Data on single households’ income provide additional useful information about gender differences without addressing the question of how income is allocated within households of two (or more) adults, which arises when other household types are analyzed. The data on single households are from another official survey and are for 1998. For this analysis, low income is defined as the lowest third of the distribution for single women aged 50–59. We calculated the proportion of each age group for each sex that fell into this category.

For both sexes, the proportion increased (that is, more of the group had low incomes) as age increased. But, in addition, women were substantially more likely to be in

the lowest bracket at each age from 50–59 to 80+, and for all those aged 65+, the proportion who were poor by this standard was 55.3% for women and 34.6% for men.

The comparison is shown below:

Proportion of Older Single Men and Women in Lowest Income Category 1998  
(Based on income ceiling for lowest third of income distribution of single women aged 50–59)

	<u>50–59</u>	<u>60–69</u>	<u>70–79</u>	<u>80+</u>	<u>65+</u>
Men	13.6%	27.2%	36.7%	50.0%	34.6%
Women	33.3%	43.5%	55.9%	65.5%	5.3%

### **Labor Force Participation**

In Japan half of the female population overall is in the labor force. The rate of participation peaks in the age group 45–54 (70.3%) and drops thereafter to 49.8% at 55–64, followed by a major decline to 15.1% for all ages 65+.

While the percent of women economically active after 65 is small, nevertheless 1.8 million Japanese women 65+ are reported as economically active. Single older women in 1999 had a lower rate than married women (16.7% versus 20.4%) but “other” marital status categories (presumably divorced or widowed) had the lowest rate (10.5%). All these groups of older women showed a steep decline in economic activity after age 55–64; the steepest was in the rate for “other” marital status. At age 65+, the rate for “other” was less than one-fifth the rate at 55–64. Unemployment of women dwindles to less than 1% after age 65, an age at which low rates are common for both sexes in various countries because of pension programs that serve both as a destination for older unemployed persons and as an option for those who anticipate loss of jobs.

Marital status may affect work after 65 but several possible effects should be examined. In the case of single women, the economic activity rate has been going up. If they have continuous careers, they may command more opportunities to stay on. But they also may have accumulated more pension rights and savings, which act as an inducement to retire. The highest labor force participation at younger ages was in the “other” marital status group—100% in the labor force at 20–24 and 95% at 35–39—and these women are likely to have retirement resources. As for older married women, joint spousal retirement plans and spouses’ pension wealth may affect their labor force participation. Finally, cohort effects, latent in cross-sectional statistics, may predict upward trends in the present low rate after age 65 as women with stronger attachments to the workforce and career goals advance in age.

Alternative work arrangements (other than regular work on the payroll of one employer) are already attracting older women. Data for 1997 show that at age 55+ women in alternative employment modes tend to concentrate on part-time independent contracting (38.8% of all women in alternative work types compared with 4.6% of men) but are less likely than men to be on-call workers (3.3% of women versus 7.9% of men). This is in

direct contrast to the distribution of older men and women in alternative work arrangements in the United States. All the alternative modes are much more important to Japanese women than to men, representing 49.4% of women employees aged 55+ compared with 21.2% of men in 1997.

#### **4. United Kingdom**

The following report on the economic status of older women in the United Kingdom is based on materials provided by ILC-UK. These include national statistical reports on population, labor force, and personal incomes for the whole population and specifically for pensioners, as well as an overview of older persons' financial position published by Age Concern England.

Women account for about three-fifths of the U.K. population aged 65+ and a slightly higher percent of the population of pension age. (The retirement age for women will rise to 65 between 2010 and 2020.) Women now make up 65% of the population aged 75+, but they are about 75% of the population aged 85+.

#### **Income and Poverty**

##### **Taxpayers:**

U.K. data on median pretax income of older female taxpayers 1998–99 show strong variation with age. Between 55–59 and 60–64, income dropped 16%. It rose by 6% for those aged 65–69; this may be due to tax-free allowances. At a later age, 75 and over, income was 90% of the level at 55–59.

##### **Couples versus single-person households:**

Several comparisons involving couples and single men and women can be made based on information from an official report on pensioners' income. "Recently retired" couples are defined as those in which the head (the man) is less than five years older than the state pension age. "Under 75," a category that includes the recently retired, refers to units in which the head is under 75, and "over 75" refers to those in which the head is 75 or older. The actual disposable income of the women in these couples can only be inferred since data are reported on a household basis, but it is reasonable to assume that the amount is no more than half of the couple's total income. Hence it follows that both declines in couples' income as they age and the lower income of older cohorts of retirees compared to younger cohorts at a given time result in a lower standard of living for older women.

The incomes of older retirees tend to be less than that of recent retirees for several reasons. The older group is less likely to have earnings. In fact, earnings are the main reason for the higher incomes of younger retired couples. Furthermore, the expansion of occupational pension coverage in the 1950s and 1960s was more beneficial to the younger members of the labor force. Second-tier (employment-related) pensions' value, an important part of retirement income, grows before retirement in accordance with earnings, but after retirement the value grows only with prices. If retirement income is low, people may have to draw on savings, if they have any, with the added result of reducing the income produced by the savings. These influences add to the risk of impoverishment of women in top age groups.

Since life expectancy is greater for upper-class households, selection into survival by economic level into older age groups would produce higher income levels in the older groups. Among all older persons, attendance allowances in the United Kingdom provide a balancing influence, increasing the income of the disabled. But this is not equivalent to assuring a better standard of living because the income is conditional on, and used to compensate for, disability.

**Single women:**

The income status of older single women is relatively unfavorable as compared with older single men. Single women have lower income than single men do at 65—74. This is still true at 75+, but the gap is smaller (10% less for women).

Among retired men income is higher for those who are married, but the opposite is true for retired women. Their income, if they are married, is lower than that of unmarried women. Division of attention between workplace and home-based roles in earlier years results in smaller lifetime earnings for the married women. Women's lower statutory age of retirement compared to men has tended to limit their accumulation of retirement savings. The level of accumulated savings of singles is roughly indicated by income from investment. While for those under 75 this income averaged £21 per week, after 75 it was only £14 per week. Because of reduced income after 75, the difference by age in income from investments as a percent of total income was more modest than the difference in pounds, amounting to 12% of total income under 75, and 10% over 75.

**Labor Force Participation**

Older women today are rarely in the U.K. labor force—only 8.4% of those aged 60+ are economically active. This is a steep drop from the 64% rate that prevails at age 50–59. Very few (close to 0%) are unemployed after 60, and even at 50–59 the unemployment rate is relatively low—2.9%. Any future increase in the labor force activity of older women would involve a very substantial departure from the present pattern of early exit.

The recent history of economic activity rates of younger women (16–59) shows an increase for those with children under 5, and in general the rate for women with dependent children of any age (up to 18) is substantial—over two-thirds are in the labor force. However, the proportion who work only part-time must be considered, as about half of the economically active women with dependent children work part-time, a larger fraction than for women without child dependents. Too, this is most likely a higher frequency of part-timers than for men, except perhaps in times of great unemployment. In any event, the rise in economic activity among women with young children may presage an increase in participation within older age groups as these women age.

**5. United States**

Information on older women in the United States for this report was drawn from publications of the U.S. Department of Commerce, the Social Security Administration, and related official sources. Censuses, labor force sample surveys, and administrative data systems are the major sources for the available information.

The majority of older persons aged 60+ in the United States are female according to 1998 data—25.6 million out of 44.7 million of both sexes, or 57.4%. The female proportion rises as age increases, with the result that over 70% of persons aged 85+ (currently the top age bracket) are women. They number over 4 million and make up over 2% of the total female population. The largest group of older women is the 65–74 group, who make up 40% of all women aged 60+.

Women in all age groups over 60 together make up almost 30% of the female population; this alone places their concerns at the forefront of social issues.

Their dominant needs are likely to differ by age. The very old generally need more resources to support their ability to handle activities of daily living and to help with these activities. The “younger old” are likely to have more functional independence and to have acquired a place in the labor market; they may need to earn and save toward the time when resources and stamina will be diminished while health needs increase.

### **Income and Poverty**

Women have a lower median income than men do both before and after age 65, which has been the normal retirement age in Social Security law. These two temporal situations are related inasmuch as prior earnings are a predictor of retirement income. In the age interval 55–64, men’s median income is 2.17 times that of women. After 65, the ratio is 1.77—still a very substantial difference. Women’s median income drops from \$14,376 at 55–64 to \$10,062 at 65+, which means that half of the distribution receives less than \$10,062.

The poverty line in 1998 was \$9,662 for a two-person unit aged 65+ and \$7,818 for a one-person unit of that age. Among nonmarried older persons, 23.1% of women and 14.9% of men are below the poverty line. If one uses the bracket between 100% and 125% of the poverty line to estimate the prevalence of substantial financial inadequacy among the unmarried, one finds 35.4% of the women and 25.8% of the men in that condition. For married couples the rates of poverty were much lower—4.5% in poverty and 7.5% in the near-poverty category. Thus the probability of economic insufficiency and vulnerability to expenditure shocks for older women is affected by their marital status and, for older age groups overall, by their gender. The gender gap in poverty rates varies by race and ethnic groups. The Social Security Administration has calculated that of all aged beneficiaries, 45.7% of women and 37.3% of men are kept out of poverty by their Social Security benefits (SSA 2000, Tables VIII-7 and VIII-13). Medicare and Medicaid have also contributed to the decline in poverty among the aged since the 1960s.

The oldest women are the ones at the most risk of poverty. This may result from widowhood, which brings to an end a husband’s contributions to household income, and from the depletion of household assets over time, perhaps accentuated by costs of a husband’s terminal illness and of the woman’s own health problems.

### **Labor Force Participation**

Women in the labor force at ages 55–64 are just over half (51.2%) of the female population of that age, a rate less than the men’s rate of 68.1% [1998 data]. The female rate



is expected to rise modestly, to 55.8%, by 2006, but no rise is projected for men. After 65, relatively few women are in the labor force—8.6% of the population of that age. (This is similar to the U.K. rate for women after 60.) Women's drop of 84% from the 55–64 rate is greater than the change in men's rate, which dropped 76% from the level at 55–64, down to 16.5% of the 65+ population of men.

Labor force participation of single women is higher than that of married women at every age. (For all ages it is 68.5% for single women and 61.2% for married women—1998 figures.)

Few older persons who are employed hold more than one job, a condition that refers both to adding a part-time to a full-time job and to piecing together two part-time jobs. Patterns of work that are followed among older employed persons may not, however, be captured in questionnaires designed chiefly for younger workers. Thus the actual frequency may be understated.

Information on traditional and alternative work arrangements by age collected by the United States is pertinent to possibilities of late-life employment. Traditional employment arrangements (full-time on the payroll of a single employer) are not necessarily available to older people. Hence, prospects for older women who wish to stay economically active may be increasingly concentrated in alternative arrangements such as independent contractors, temporary help agencies, and “on-call” status.

The prevalence of alternative arrangements in older age groups can be determined from official tabulations.

Nontraditional types of employment account for 12.56 million persons or 6.3% of all employment at all ages. For both sexes, persons 65+ make up only 2.5% of the total labor force in traditional work modes, or 2.85 million persons, while in nontraditional work there are 780,000 older men and women. In the nontraditional categories, older women are the most numerous relative to other age groups in on-call workers, where they account for 3.9% of all employees or 77,844 persons. (This is unlike the situation in Japan.) Older women are only 1.9% of all independent contractors, the most common of the alternative work arrangements; this small percentage accounts for approximately 160,000 women. In contrast, women aged 65 and older in traditional arrangements number 1.26 million. Thus most older women who work are not engaged in the alternative types of work that are common in the U.S. economy.

Few older men or women are reported as unemployed—only 122,000 of both sexes. One reason for this is the frequency with which displaced older workers leave the labor force: among those aged 65+, 41.3% of displaced men and 68.2% of displaced women leave the labor force. The chief reason for job loss after 65 for women (but not for men) has been plant closings, suggesting that the women are less likely to be in prosperous industries. But this gender difference may dwindle when downsizing occurs.

## **IV. CONCLUSION: IMPROVING THE ECONOMIC STATUS OF OLDER WOMEN**

### **A. Introduction**

Women tend to make up the majority of the older populations in countries around the world. The continuing trend of population aging increases the complexity of selecting policies to protect and advance the status of older women on all continents. Specifically, the roles of government, individuals, and employers in providing for old age and the living standards that seem affordable for countries at different levels of financial capacity may conflict with adoption of program rules intended to benefit older women. Harmonizing these objectives is essential for securing public acceptance of policy initiatives. However, one should note that improving accessibility of information to clients, making special provision for the economically disadvantaged and those who do not qualify for pensions through traditional pathways, and recognizing the needs of lone households will be beneficial to women without being labeled as women's programs.

Since low incomes, widowhood, and risk of poverty among older women are the outcome of many different factors, nations have a number of opportunities to forestall adverse factors and improve the economic position of older women.

### **B. Income, poverty, and social security**

Poverty in older age groups is distinguished from poverty in younger groups in that long-run improvement in individual status is less likely. Duration of poverty is longer for older persons even though the percent who are poor in any given month is lower after 65. Changes for the better that can occur for younger persons—by regaining health, raising their educational level, and reducing the number of dependents per household as children mature—can strengthen their economic capability but are not as feasible for older poor. Furthermore, poverty among older persons often exists at a time of losses in health, work, and personal networks, intensifying their difference from others and depriving them of financial resources to deal with loneliness and ill health.

The problems of economic insecurity associated with near-poverty income levels are not always fully appreciated. The extra increment that raises recipients slightly above the poverty line does not provide a sufficient buffer for uninsured households against major adverse events. Near-poverty may equal pre-poverty.

Potential remedies for poverty cover a wide range. They include opportunities for middle-aged women to accumulate their own retirement income, avenues for paid work in old age, grants and public services to supplement incomes of disabled older persons, and protection of survivor options in employer-based retirement plans. These types of approaches have precedents in various countries and can be tried, assessed, and modified to adapt them to local environments.

### **1. Pre-retirement**

A favorable personal history over the course of earlier years of life with regard to health, education, stable and rewarding personal relationships, and opportunities for career development improves the economic outlook of women entering their later years. The commitment of countries to seeking out all possibilities to equip women for successful and productive aging should be encouraged.

\*Since health-care costs and personal-care costs can erode retirement income and diminished health can prevent productive activity, access to services that will ensure optimal health status before retirement contributes to later economic independence.

### **2. Work and earnings**

The attainment of economic independence for women throughout the life course is closely connected with economic security after 60. Low lifetime earnings impair saving for retirement and accumulation of pension rights. Many specific policies are relevant to promotion of economic independence. Countries should review the protections and supportive programs that are available or feasible and that are especially valuable to women in the context of the country's economy, for example:

- \*Enforcing labor laws such as protection against abusive labor contracts or arrangements, minimum wage laws, and laws against sexual or gender harassment;
- \*Bringing labor laws up to international standards;
- \*Increasing the preretirement skill assets of women;
- \*Protecting women's control over their own earnings, for both married and unmarried women;
- \*Developing job openings and small-business opportunities for women before and after the normal age of retirement

Alternative modes of employment might attract older women if assistance in starting and maintaining such situations were offered. Flexibility with regard to time schedule, duration, and sites of work would enable more women to combine working with family roles.

Gender equality in wages, hiring, and advancement throughout working life promotes economic security for older women. A national commitment to elimination of gender bias should be expressed proactively (equal training options, public education on issues) as well as reactively (provision for appeals and complaints). Public recognition of cooperative employers may accelerate progress.

### **3. Social security**

Social security is a powerful and flexible redistributive tool for relieving and preventing late-life poverty. Nations should examine those detailed features of their systems that explicitly or implicitly make gender distinctions and study their effects on old-age security. For example, the number of required years of coverage affects the proportion of women that will qualify for benefits; and the guarantee of a defined benefit specifically addresses prevention of poverty.

\*For countries where social security systems are in the process of being established, moving toward coverage of the entire working population is a precondition of attaining social protection for older women who could qualify either on their own earning record or as spouses or widows of working men.

At the same time, proposed structural changes in public pension systems should be scrutinized for their actual or predictable effects on the economic security of older women.

The preferences of individuals for retiring at, before, or after 65 should be distinguished from retirement induced by lack of work and lack of training for technologically sophisticated jobs that would allow productive potential to be realized. Data on preferences should be classified by gender to identify women's problems in pursuing employment. Caregiving help will allow more women who wish to stay in the labor force to attain their preference.

In instances where a provision that is believed to have national fiscal or economic advantages but is likely to worsen the position of women, specific compensatory strategies may be devised. Here are examples, from actual and proposed modifications, of system features that merit consideration.

\*Benefit formulas should be "transparent" so that people can estimate how long they must work and how much they must save to support their living standard as they age. (As noted below, where individual investment programs are in force under national laws, people also need reliable information on what yield can be counted on from these programs.)

\*A system that can be expected to be financially stable in coming decades helps individuals know what they can count on and further supports personal planning. Countries should ensure adequate cash flow into the system during periods when incomes are rising and choose benefit levels and qualifying rules that will be sustainable despite economic fluctuations and occasions of competing claims on public budgets.

When contributions are based on lifetime earnings but benefits are based on the highest 15, 10, or 5 years of wages (or wages in the last period before retirement), retirement income is shifted from persons with long work lives at low wages to those with "shorter work histories and rising earnings". (Sunden 2000) Certain subgroups of women will be in the former category. The Swedish system, in which the employer payroll tax is levied on total earnings while there is a ceiling on wages used to determine benefits, redistributes retirement benefits toward low-income employees.

\*Defense against financial shocks to individual households that endanger economic security is important. Shocks are a risk, not a certainty, and therefore a social insurance pool protects against them more effectively than a modest increase in personal income. By protecting against large medical expenses, for example, social insurance can avert descent into poverty for older women in the near-poor category.

\*Indexing benefits to life expectancy results in lower annual income to women compared to men in countries where their life expectancy is greater than that of men. This may put some women into poverty and keep others in that condition. A minimum guaranteed benefit supplementing other benefits helps to remedy this.

\*If means tests are used to establish eligibility for a minimum benefit, their details should be evaluated in relation to realistic budget needs of older persons. Evaluation should include effects of a means-tested program that is applicable only at age 65 while the general benefit is available earlier, a provision that restricts choice of a retirement age for low-income workers.

\*Alternatives to using a means-tested grant as an antipoverty device, such as a universal guaranteed minimum benefit, should be sought because means-tested programs offer limited protection against hardship while fostering marginalization of older persons in society.

Privatized investment proposals for retirement income have been adopted in a number of countries. In privatized programs, variance in yield is a risk facing each participant. In particular, stock purchases have tended to result in higher average returns to retirees than other investments but greater variance (Burtless 2001). Furthermore, estimates of projected returns often omit substantial transaction costs, so that net income may fall below expectations. Most significantly, the occurrence of major declines in stock markets has undermined confidence as to the ability of privatization to support individual and social planning for retirement.

Additionally, experience of several countries suggests that privatization has several implications that are problematic for older women and needs scrutiny and modification.

First, individuals need realistic information before retirement about administrative and transaction costs, the range of possible returns on their investments, and the additional charges involved in converting pension rights into annuities at retirement. This applies particularly to persons with little financial experience and thus affects those older women whose contacts with investment details, even when they have a history of paid employment, have been restricted. Moreover, the new programs, whether compulsory or optional, may be introduced with enthusiasm and disregard pitfalls.

Second, delegation of functions to commercial companies may increase opportunities for excessive charges to covered persons before and after retirement. Centralized administrative systems for privatized programs (instead of a multitude of commercial agencies) simplify management and fee structures, improve people's understanding of charges that lie ahead, and conserve more of the yield for the retirees.

Third, individual risk tolerance in a privatized program may depend on having reliable income from other sources. Low-income women are not likely to be in that position. Indeed, it has been noted that low-income workers and those with limited education tend to make low-risk investments, with low lifetime returns on their savings. By avoiding market risks, social insurance offers them a protection that individual retirement plans do not.

Married women tend to be better protected against old-age poverty than other categories of women. Factors that may contribute to this include the spousal benefits under public pensions, savings that are possible when there are two earners, and economies of scale in a couple's household budget.

However, the relative position of women in different marital statuses depends on the country's formula for calculating benefits. In the United States, for example, the wife's benefit is less than the retiree husband's benefit, but the widow's benefit is not reduced in this way; in Germany, the situation is reversed. In any case, widows tend to be older than other women aged 65+, and the couple's assets may be depleted by the time widowhood occurs while the medical needs of the survivor are likely to have increased. The security provided to divorced women also depends on eligibility provisions. The impact of eligibility rules based on age and duration of marriage—and of benefit calculation formulas—on widowed and divorced women should be analyzed. This may be of special concern to countries attracted to the plan of duplicating the provisions prevailing in another country as they strive for greater social protection.

For women's economic security, priority items should include measures directed toward both the present poor and the near-poor who are at risk of poverty - in particular, a floor of income for persons with low lifetime earnings despite a continuous work record, and for those with interrupted careers and thus few qualifying years for social security. Additionally, a modest basic pension can go further toward an adequate standard of living if the retired person is protected against costs of health care services and prescription drugs by social insurance and subsidized special programs such as immunizations.

#### **4. Noncash benefits**

Noncash benefits and services adapted to basic survival and quality of life needs of older populations are an important supplement to cash income programs. This category of benefits includes housing subsidies, free or discounted public transportation, special transport services for medical purposes, senior lunch programs, and cultural programs.

In addition, health education to enhance self-care and promote recommended diet and health practices will support and enhance daily life and self image.

Both design and administration of each service should be monitored to assure that program goals are fulfilled to eliminate obstacles to participation by women living alone. Whatever the level of national resources, present and proposed programs should be scrutinized to determine the extent to which they are definitely welcoming to older women and useful to them.

It should be kept in mind that both gender bias in programs that are not age-specific and age bias in programs directed toward women adversely affect older women.

### **C. Statistics in policy formation**

Current statistics on the economic activity of older persons in industrialized countries should be examined to see what changes are needed to assess the contribution of older women to the market economy, to predict future rates, and to develop policies

supporting productivity. Unemployment may be underreported in national surveys because it is more acceptable to be “retired,” while administrative mechanisms do not provide an alternative source of data on older persons who are not eligible for unemployment benefits and do not register at labor-service offices. Persons who anticipate rejection by employers and perceive that part-time and otherwise adaptable jobs are not available may not choose to identify themselves as job seekers. Consequently the extent to which older females could and would work may be understated. Questionnaire design not adapted to situations of older women could affect reporting of part-time and multiple jobs and alternative modes of employment .

#### **D. Continuing and expanding the UN’s agenda**

In deciding on recommendations for action by member nations to protect and improve the economic status of older women, the Second World Assembly on Ageing can move forward from the principles enunciated by the UN Committee on Economic, Social, and Cultural Rights in 1995 with regard to human rights of older persons. The earlier committee encouraged, committee’s recommendations included) enactment of legislation to prevent age discrimination in employment to assure safe working conditions before retirement (thus preserving ability to participate in paid employment or other productive tasks), and to provide various useful benefits to older persons. It also advocated establishment of general regimes of compulsory old-age insurance with a flexible qualifying age, survivor benefits, and help in arranging continued employment. The governments were charged with the duty of monitoring problems of older persons—a necessity in preparing a responsive legislative and administrative agenda. The position of older women who had not accumulated pension rights through paid work because of family caregiving was marked for special consideration.

Today’s agenda for advancing the economic status of older women should include concern with enforcement of relevant laws on labor conditions and social benefits as well as their enactment. It should also promote policy formation processes that will be sensitive to changes in household composition, career patterns of successive cohorts of women, and education for maintaining and raising the work skill levels demanded in contemporary industry. Specifically, representatives of the older female population and experts on social and economic changes should be included in policy-making groups. In order to assure fiscal solvency governments are obliged to adjust their retirement income programs to demographic and economic trends. However, they must do so without marginalizing older women.

In countries with low gross domestic product per capita, preventing poverty among older women is not simply a matter of redistribution or encouraging saving at younger ages - items that may be found on the agendas of countries with greater resources. Preparing more young girls and women for skilled work requires a long-range investment in educational programs, while nurturing small businesses involves national expenditure on technical and financial assistance.

Despite fiscal constraints, countries can take steps to assure that women will not be neglected as economic development proceeds. Planning for domestic social investment should consider protection against destitution and recovery of underutilized human resources as vital national goals. International assistance programs could help developing

countries reduce prevailing deficiencies as regards income and entitlements among older women. By enforcing current protective laws and using outreach and public education where necessary to expand awareness of available benefits and to increase their utilization, countries can help older women improve their status. The positive involvement of employers, civil servants, and households in national efforts to avert poverty and increase productivity should be encouraged.



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